

13. INTERNATIONAL AFFAIRS

Table 13-1. FEDERAL RESOURCES IN SUPPORT OF INTERNATIONAL AFFAIRS
(In millions of dollars)

Function 150	1997 Actual	Estimate					
		1998	1999	2000	2001	2002	2003
Spending:							
Discretionary Budget Authority	18,150	19,034	20,150	19,234	18,947	18,836	18,777
Mandatory Outlays:							
Existing law	-3,754	-4,464	-4,130	-3,764	-3,637	-3,396	-3,201
Credit Activity:							
Direct loan disbursements	1,755	2,148	2,050	2,770	1,831	1,548	1,524
Guaranteed loans	13,022	12,826	12,188	12,747	13,357	13,867	13,884
Tax Expenditures:							
Existing law	7,090	7,685	8,305	8,950	9,625	10,335	11,045
Proposed legislation			-580	-1,356	-1,456	-1,545	-1,634

The Administration proposes \$20.2 billion for International Affairs programs in 1999, including arrears on contributions to the multilateral development banks (MDBs). By fully funding these programs, the United States can continue to provide critical international leadership to accomplish key strategic goals, such as enhancing national security, fostering world-wide economic growth, supporting the establishment and consolidation of democracy, and improving the global environment and addressing other key global issues. The State Department outlined these goals more fully in its September 1997 report, "United States Strategic Plan for International Affairs."

The performance goals that follow are from agency strategic or performance plans. In addition to these goals, agencies have established other performance goals for themselves to ensure that they fulfill their legislative mandates in ways that also contribute to U.S. national interests.

National Security

U.S. security depends on active diplomacy, steps to resolve destabilizing regional conflicts, and vigorous efforts to reduce the continuing

threat of weapons of mass destruction. Strong diplomatic engagement depends on a clear foreign policy vision, built on a vigorous, carefully coordinated process of formulating policy.

A strong, active United Nations enhances U.S. diplomatic efforts, and the budget proposes to fund assessed contributions to this and other international organizations, as well as annual assessed and voluntary peacekeeping contributions. The budget also proposes the necessary funds to support the Middle East peace process through the Economic Support Fund (ESF) and the Foreign Military Financing (FMF) programs. ESF also provides direct assistance to address the root causes of other regional conflicts, such as the lack of fair and effective systems of justice, and FMF also provides funds to help the incoming NATO members—Poland, Hungary, the Czech Republic, and other East European nations.

Economic and reconstruction assistance and police training are critical to our effort to support the Dayton Accords on Bosnia, and funding under the FREEDOM Support Act helps foster the transition to market democracies in the former Soviet Union. Finally, the budget fully supports further progress

on our efforts to control weapons of mass destruction by funding the Arms Control and Disarmament Agency (ACDA) and other programs that seek to negotiate cuts in, or the elimination of, such weapons.

Relevant agencies will meet the following performance goals in 1999:

- The State Department, in seeking to advance the Middle East peace process, will achieve significant progress towards fulfilling the goals of the Oslo Accord.
- The State Department will avert or defuse regional conflicts where critical national interests are at stake through bilateral U.S. assistance and U.N. peacekeeping activities.
- The State and Defense Departments will ensure that the armed forces of NATO's "candidate countries" can operate in a fully integrated manner with other NATO forces upon their planned entry into NATO.
- The State and Defense Departments and the Agency for International Development (USAID) will achieve significant progress toward implementing the Dayton Accords in Bosnia.
- The State Department and USAID will help Russia and the other former Soviet republics strive to achieve a per capita Gross Domestic Product (GDP) growth rate, a share of GDP generated by the private sector, and an average of Freedom-House indicators of democratic and political liberties higher than the comparable 1997 levels.
- The State Department and ACDA will achieve full compliance with, and verification of, treaties regarding weapons of mass destruction and, if necessary, combat suspected development programs.
- The State Department will fully certify mission critical systems for year 2000 compliance and complete a world-wide upgrade of the information technology infrastructure that supports U.S. embassies and consulates.

Economic Prosperity

International affairs activities increase U.S. economic prosperity in four ways.

First, the U.S. Trade Representative (USTR), supported by the State Department and other agencies, works to reduce barriers to trade in U.S. goods, services, and investments by negotiating new trade liberalizing agreements and strictly enforcing existing agreements.

Second, the Export-Import Bank (Eximbank) and the Trade and Development Agency (TDA) provide grant and credit financing to correct market distortions that can put U.S. exports at a competitive disadvantage, and the budget provides a major increase in Eximbank funding to cover increased demand from U.S. exporters. The Overseas Private Investment Corporation (OPIC) provides investment insurance and financing for development projects with U.S. trade benefits.

Third, development assistance from the MDBs and USAID, along with debt reduction, help increase economic growth in developing and transitioning countries, creating new markets for U.S. goods and services and reducing the economic causes of instability in these regions.

Fourth, the International Monetary Fund (IMF) is instrumental in maintaining the underlying economic prerequisites for prosperity world wide by mitigating the effects of country and regional financial crises, such as those recently experienced in Asia, while helping individual developing countries to create and maintain stable market-oriented economies.

Relevant agencies will meet the following performance goals in 1999:

- USTR will negotiate cuts in specific, identified barriers to U.S. and global trade, and will effectively enforce international trade agreements.
- The Export-Import Bank will develop new mechanisms to expand the availability of financing for U.S. exports by pioneering joint ventures with the private sector, as well as innovative financing programs that

will increase the Bank's support for small and medium-sized exporters.

- OPIC will increase, from 1997 levels, the amount of U.S. investment in developing countries assisted through OPIC-sponsored projects.
- TDA will increase, from 1997 levels, the ratio of TDA-supported exports to TDA expenditures and the percentage of TDA projects that ultimately yield U.S. exports.
- USAID, through bilateral assistance, and the Treasury Department, through its contributions to the MDBs, will provide assistance that helps to increase the real annual per capita GDP growth rate from 1997 levels in developing countries.
- Treasury will work to provide the IMF with sufficient resources to address monetary crises in Asia and other parts of the world and reduce the amount of supplemental U.S. bilateral resources needed to address these crises.

American Citizens and U.S. Borders

The State Department, through the U.S. passport office and the network of embassies and consulates overseas, helps and protects Americans who travel and reside abroad—most directly through various consular services, including citizenship documentation and help in emergencies. The Department also helps to control how immigrants and foreign visitors enter and remain in the U.S. by effectively and fairly administering U.S. immigration laws overseas and screening applicants, in order to deter illegal immigration and prevent terrorists, narcotics traffickers, and other criminals from entering the United States.

The State Department will meet the following performance goals in 1999:

- Improve U.S. passport security by issuing U.S. passports with a digitized passport photo.
- Maintain uninterrupted screening capabilities to ensure that only qualified applicants receive visas for travel to the United States.

- Complete the world-wide modernization of consular systems and meet year 2000 requirements, thus ensuring border security.

Law Enforcement

The expansion and rising sophistication of transnational crime represents a growing threat to the property and well-being of U.S. citizens. In particular, the threat of terrorism and the continued supply of illegal drugs to the United States represent direct threats to our national security. The budget funds the State Department's diplomatic efforts to convince other countries to work cooperatively to address international criminal threats; it also funds assistance and training that helps other countries combat corruption, terrorism, and illegal narcotics, and provides the developing countries with economic alternatives to narcotics cultivation and export.

The State Department, working with the Departments of Justice, Treasury, and Defense, will meet the following performance goals in 1999:

- Increase, from 1997 levels, the number of foreign governments that enact and enforce legislation to combat corruption, money laundering, and other transnational criminal activities.
- Reduce, from 1997 levels, the hectares of coca and opium poppies being cultivated in producing countries.

Democracy

Advancing U.S. interests in the post-Cold War world often requires efforts to support democratic transitions, address human rights violations, and promote U.S. democratic values. The budget supports these efforts in two ways. First, it funds the State Department's diplomatic efforts that discourage other nations' interference with the basic democratic and human rights of their citizens, and it funds direct foreign assistance through USAID and other agencies that helps countries develop the institutions and legal structures for the transition to democracy. Second, it promotes democracy by funding exchanges of people and ideas with other countries. The exchange, training, and foreign broadcasting programs of the U.S. Information Agency (USIA) seek to spread U.S. democratic values

throughout the world and ensure that Americans understand and value the peoples and cultures of other nations.

Relevant agencies will meet the following performance goals for 1999:

- The State Department, USAID, and USIA will provide assistance that lead to the improvement of Freedom House ratings of countries in which the United States is assisting the transition to democracy.
- As a result of State Department diplomacy and direct assistance, the instances of human rights abuses as reported by the State Department in the annual U.S. Report on Human Rights will be reduced from 1997 levels.
- USIA will increase, from 1997 levels, the support for democracy, democratic institutions, and human rights in selected countries that participate in USIA programs, as measured through polling.

Humanitarian Response

U.S. values demand that we help alleviate human suffering from foreign crises, whether man-made or natural, even in cases with no direct threat to U.S. security interests. The budget provides the necessary funds to address and, where possible, try to prevent, humanitarian crises through USAID's Foreign Disaster Assistance and Transition Initiatives programs, through the State Department's Migration and Refugee Assistance program, and through food aid provided under "Public Law 480" authorities. Much of this funding is implemented through U.S. private voluntary organizations that provide humanitarian, as well as development, assistance overseas. The budget also funds a significant contribution to the UNICEF program of the United Nations, and a significant increase for U.S. bilateral demining efforts to address the growing humanitarian crisis caused by landmines in areas of former conflict.

Relevant agencies will meet the following performance goals for 1999:

- USAID, in conjunction with other public and private donors, will provide humanitarian assistance that will maintain the nutritional status of children aged five or

under living in regions affected by humanitarian emergencies.

- The State Department will reduce refugee populations, from 1997 levels, through U.S.-sponsored integration, repatriation, and resettlement activities.
- The State Department will increase, from 1997 levels, the number of mines detected and neutralized.

Global Issues

The global problems of environmental degradation, population growth, and the spread of communicable diseases directly affect future U.S. security and prosperity. As a result, the Nation has targeted significant diplomatic and assistance efforts to address these issues. For example, the State Department's negotiation of the Kyoto global climate change treaty and USAID's five-year, \$1 billion global climate change assistance effort will reduce the threat of this global problem. Full funding of current commitments and arrears to the Global Environment Facility remains critical to this effort.

Similarly, U.S. leadership, USAID assistance efforts, and funding of the U.N. Population Fund are critical to maintain the rate of increase in global prosperity, reduce the pressures of illegal immigration on the U.S. economy, and help alleviate the causes of regional conflict. U.S. support, mainly through USAID, for bilateral and multilateral activities to reduce the global threat of AIDS, malaria, tuberculosis, and other communicable diseases not only saves the lives of millions of children world-wide but also reduces the direct threat to the United States that these diseases pose if they spread unchecked.

Finally, the volunteer programs of the Peace Corps serve U.S. national interests by promoting mutual understanding between Americans and the people of developing or transitional nations and providing technical assistance on a range of issues to interested countries that request it.

Relevant agencies will meet the following performance goals in 1999:

- The State Department and USAID, working with the Environmental Protection

Agency and with other bilateral and multilateral donors, through diplomacy and foreign assistance will slow the rate of increase, from 1997 levels, of climate change gas emissions among key developing nation emitters.

- USAID will provide assistance in conjunction with other donors that will cut, from 1997 levels, the total fertility rates in developing countries.
- USAID, working with the Department of Health and Human Services and with other bilateral and multilateral donors, will provide assistance that will reduce, from 1997 levels, the infant mortality rate

and the rate of new cases of AIDS, malaria, tuberculosis and other critical communicable diseases in developing countries.

- The Peace Corps will provide opportunities for 50 percent more Americans than in 1997 to enter service as new volunteers.
- The Peace Corps will increase Americans' understanding of other peoples by tripling, from 1997 levels, the number of American teachers participating in the World Wise Schools partnership with Peace Corps volunteers, bringing the total number of teachers to 10,000.